

**COMMONWEALTH OF VIRGINIA
DEPARTMENT OF ENVIRONMENTAL QUALITY
629 EAST MAIN STREET, RICHMOND, VA 23219
P. O. BOX 1105, RICHMOND, VA 23218**

REQUEST FOR INFORMATION (RFI) #: 17-01-CP

**VOLKSWAGEN CONSENT DECREE
ENVIRONMENTAL MITIGATION TRUST PROJECT IDEAS**

Note: This RFI is not a solicitation for projects. Submitting a response to this RFI is voluntary and is not a prerequisite to participating in any solicitation for projects to compete for Volkswagen (VW) environmental mitigation trust (EMT) funds.

Issue Date: April 4, 2017

Due Date/Time: May 18, 2017/11:59 p.m. (ET)

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Note: This public body does not discriminate against faith-based organizations in accordance with the Code of Virginia, § 2.2-4343.1 or against an Offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

1. INTRODUCTION

RFI Objective:

The Commonwealth of Virginia expects to receive \$93,600,000 from the VW EMT between 2017 and 2027. These funds represent a significant opportunity to mitigate the environmental harm caused by the offending VW vehicles and to achieve substantial reductions in air pollution in Virginia. The Virginia Department of Environmental Quality (DEQ) will administer these funds through a state mitigation plan (SMP). The objective of this RFI is to gather information to help DEQ gain a better understanding of the best use of VW EMT funds for Virginia.

DEQ is seeking early input from governmental and non-governmental entities on the type and scope of projects that they may later submit to compete for VW EMT funds, funding and project evaluation priorities, and methods DEQ could employ to increase participation in future requests for VW mitigation projects. This RFI is not a solicitation for projects. Information obtained from this RFI will be used solely for planning purposes, including the development of requirements upon which a solicitation for projects may be based.

Background:

On October 25, 2016, the court approved a partial settlement and consent decree (CD) resolving allegations that VW violated the Clean Air Act (CAA) by selling approximately 500,000 model year 2009 to 2015 motor vehicles containing 2.0 liter diesel engines equipped with emissions testing defeat devices in the form of computer software designed to cheat on federal emissions tests. Additionally, on December 20, 2016, the court and VW reached an agreement regarding the installation and use of emission testing defeat devices in approximately 80,000 model year 2009 to 2016 motor vehicles containing 3.0 liter diesel engines sold and operated in the United States. Related CDs for VW can be found at: <https://www.epa.gov/enforcement/third-partial-and-30l-second-partial-and-20l-partial-and-amended-consent-decree>.

These settlement agreements require VW to establish and fund a \$2,925,000,000 EMT. The purpose of the EMT is to fund certain projects expected to fully mitigate the lifetime excess nitrogen oxide (NO_x) pollution emitted by VW vehicles that violated the CAA.

Virginia anticipates receiving \$93,600,000 from the EMT between 2017 and 2027. DEQ will administer these funds through a SMP. DEQ developed a proposed SMP, which specifically describes:

- Funding priorities established to guide the planning, solicitation, and project selection processes;
- Categories of eligible mitigation projects anticipated to be appropriate to achieve

the stated goals and the assessment of the allocation of funds anticipated to be used for each type of eligible mitigation project;

- Consideration of the potential beneficial impact of the selected eligible mitigation projects on air quality in areas that bear a disproportionate share of the air pollution burden within its jurisdictions;
- Anticipated ranges of emission benefits that would be realized by implementation of the eligible mitigation projects identified in the SMP; and
- Explanation of processes used to obtain public input on the SMP.

DEQ conducted an informal public comment period (November 17- December 16, 2016) and held a public meeting on the proposed SMP (December 7, 2016). DEQ's proposed SMP and summary of comment can be found at:

<http://deq.state.va.us/Programs/Air/VWMitigation.aspx>.

DEQ expects that funding for eligible VW mitigation projects may be available in 2017.

2. INFORMATION REQUESTED

DEQ invites interested governmental and non-governmental entities to provide information on eligible mitigation projects that may later be submitted to compete for VW EMT funds, funding and project selection priorities, and methods DEQ could employ to increase participation in future solicitations for VW mitigation projects. For more information about eligible project types, please see:

<https://www.epa.gov/sites/production/files/2016-10/documents/amended201partial-cd.pdf>; Appendix D-2 (p. 209-220).

Note: DEQ is not seeking project ideas for the VW settlement Diesel Emissions Reduction Action (DERA) Option through this RFI. Information on the DERA Option can be found here: <https://www.epa.gov/cleandiesel/vw-settlement-dera-option-supporting-documents>.

Interested stakeholders are requested to respond with information on the areas identified below.

AREA 1(a) - Project Applicant Information

- Company/Agency/Organization Name
- Contact Person
- Government/Non-Government
- Address
- Phone
- Email

AREA 1(b) – Project Information

Identify Applicable Eligible Mitigation Project Category:

1. Class 8 Local Freight Trucks and Port Drayage Trucks with 1992-2009 model year engines and a Gross Vehicle Weight Rating (GVWR) greater than 33,000 pounds (lbs.)
2. Class 4-8 School, Shuttle, or Transit Buses with model year 2009 or older engines and a GVWR greater than 14,001 lbs. and used for transporting people
3. Class 4-7 Local Freight Trucks with 1992-2009 model year engines and a GVWR between 14,001 and 33,000 lbs.
4. Freight Switchers with pre-tier 4 engines and operating more than 1,000 hours per year
5. Ferries/Tugs with unregulated Tier 1 - Tier 2 marine engines
6. Ocean-Going Vessels Shorepower
7. Airport Ground-Support Equipment with Tier 0 - Tier 2 diesel engines, and uncertified or certified to 3 grams per brake horsepower-hour spark ignition engines

8. Forklifts with greater than 8,000 lbs. lift capacity and/or Port Cargo Handling Equipment
9. Light Duty (LD) zero emission vehicle (ZEV) Supply Equipment (Level 1, Level 2, or fast charging equipment) and hydrogen fuel dispensing equipment

Project Summary:

Briefly describe the proposed project, including: geographic area where vehicles/vessels/engines are operated (e.g., city/cities, county/counties, and/or neighborhoods); fleet type (e.g., ports, airports, marine, school buses); mitigation action (e.g., engine repower, vehicle replacement, deployment of LD ZEV supply equipment/Shorepower systems); number of engines/vehicles/vessels/equipment targeted for emission reductions; emission reduction/offset technology to be used; and a description of the expected overall benefits of the proposed mitigation activity, including a description of how the proposed project mitigates the impacts of NO_x emissions and other emissions from air pollutants on areas that have the highest emissions from diesel engines.

Project Detail:

- Provide information on specific engines/vehicles/vessels/equipment targeted for emission reductions, including (where applicable): number, class or equipment type, serial/VIN# of engine/vehicle/vessel, engine make, engine model, engine model year, engine family name, horsepower, displacement, current tier level or emission standards, fuel type, amount of fuel used, annual miles travelled or annual usage rate, annual idling hours, and the verification/certification process ensuring scrappage of engines/vehicles/equipment will be completed in accordance with Appendix D-2 of the VW settlement and CD.
- Provide information on eligible verified and/or certified diesel emission reduction technology(s) to be implemented under the proposed project, including (where applicable): new technology type, new technology make, new technology model, new engine family name, new engine model year, new horsepower, new displacement, new tier level or emission standards, new fuel type, and annual idling hours reduced.
- Provide information on LD ZEV supply equipment (electric or hydrogen), including (where applicable): number, equipment type (Level 1/2/fast chargers or hydrogen dispensing), and location (public place, workplace, or multi-unit dwelling).
- Describe capacities to manage and implement a diesel reduction project, including demonstrated project experience and administrative and/or programmatic structures in place for implementing projects.
- Explain how you will certify/ensure that all vendors will be selected in accordance with applicable Virginia public contracting laws.
- Provide a projected timeline for the project.

Capital and Project Costs:

- Calculate and provide projected capital cost (\$/unit) and total project cost. Note calculations for proposed LD ZEV projects should include operation and maintenance cost, and calculations for eligible all-electric mitigation actions should include charging infrastructure cost (where applicable); and
- Identify projected cost share and, if applicable, what additional sources of funds may be utilized as matching funds.

Expected Proposed Project Benefits:

- Calculate and provide the expected annual and lifetime project emissions reductions/offsets for NO_x, fine particulate (PM_{2.5}), carbon monoxide (CO), carbon dioxide (CO₂), and volatile organic compounds (VOCs); and
- Calculate and provide capital cost effectiveness (\$/short ton of pollutant reduced for each unit) and total cost effectiveness (\$/short ton of pollutant reduced for the entire project).

Please calculate projected emissions reductions and capital and total cost effectiveness of proposed mitigation project using one of the following tools:

- Environmental Protection Agency's (EPA) Diesel Emissions Quantifier Tool: <https://www.epa.gov/cleandiesel/diesel-emissions-quantifier-deq>
- EPA's Motor Vehicle Emissions Simulator (MOVES2014a): <https://www.epa.gov/moves/moves2014a-latest-version-motor-vehicle-emission-simulator-moves>
- Argonne National Laboratory Alternative Fuel Life-Cycle Environmental and Economic Transportation (AFLEET) Tool (2016 rev1): <https://greet.es.anl.gov/afleet>
- Greenhouse gases, Regulated Emissions, and Energy use in Transportation Model (GREET 2012): https://greet.es.anl.gov/carbon_footprint_calculator
- The Emissions & Generation Resource Integrated Database (eGRID 2014v2): <https://www.epa.gov/energy/emissions-generation-resource-integrated-database-egrid>

Identify the method(s) used to calculate the emissions reductions/offsets and cost, and describe and document your methods.

If an alternative method was used to quantify emission reductions/offsets and cost effectiveness for the proposed project, identify the alternative method and describe and document your methods.

AREA 2 – VW Program and Solicitation Design Questions

To further inform DEQ on the most effective and efficient use of VW EMT funds, respondents may also provide information in response to the following questions and/or provide other input specific to the use of VW EMT funds. This information will further inform DEQ's understanding of the best use of EMT funds.

1. What is the anticipated demand for each eligible project type?
2. What is the anticipated demand for specific types of diesel emission reduction projects not eligible under the VW settlement but otherwise eligible under DERA?
3. Should a certain percentage of available EMT funds be allocated to each eligible project type, and if so how should the percentage of funding be determined for each eligible project type?
4. Should a certain percentage of available EMT funds be reserved for government projects?
5. Should funds be geographically distributed, and if so how?
6. Should governmental entities be required to provide matching funds and if so, how much?
7. Should DEQ establish a minimum project size and if so, what size?
8. In addition to evaluating a proposed project's total cost effectiveness (\$/ton), what other key factors should DEQ consider when evaluating projects?
9. What other feedback do you have on project evaluation and/or scoring criteria?
10. What publically available tool/tools should be used to quantify anticipated emission reductions/offsets for eligible mitigation projects?
11. Is a 1 or 2-year timeline for completing mitigation projects achievable?
12. What methods could DEQ employ to reduce barriers and increase participation in future solicitations for projects?
13. What information/resources would be most valuable for stakeholders interested in submitting projects?
14. Do you have any other input?

3. ADDITIONAL INFORMATION

Confidentiality of Information:

DEQ recommends not including any confidential business information (CBI) in your responses to this RFI. However, if CBI is included, understand that ownership of all data, materials, and documentation originated and prepared for the State pursuant to the RFI shall belong exclusively to the State and be subject to public inspection in accordance with the Virginia Freedom of Information Act (VFOIA).

RFI Questions:

All questions concerning this RFI should be directed to Angela Conroy via e-mail, angela.conroy@deq.virginia.gov. **The subject line of your e-mail should read: "Questions on VW RFI #: 17-01-CP".**

RFI Responses:

DEQ appreciates your participation and responses to this RFI. Please strive to limit responses to no more than 15 pages in length.

Submit your response via email as a PDF attachment to vwmitigation@deq.virginia.gov. It is recommended that attachments with file sizes exceeding 10MB be compressed (i.e., zipped) to ensure message delivery. The subject line of the e-mail containing your response to this RFI should read: **"Response to VW RFI #: 17-01-CP"**.

Responses must be received by the stated due date/time on the cover page of this RFI.

Public Posting of RFI:

This RFI will be posted on the following locations:

- Commonwealth of Virginia's procurement portal, <http://www.eva.virginia.gov>;
- Virginia Department of Environmental Quality website, <http://www.deq.virginia.gov/programs/air/vwmitigation.aspx>; and
- Virginia Regulatory Town Hall, <http://www.townhall.virginia.gov/L/generalnotice.cfm>.